

NATIONAL ENDOWMENT FOR THE ARTS

2007 Annual Report to Congress on Implementation of Public Law 106-107

I. Overview

The National Endowment for the Arts is a public agency dedicated to supporting excellence in the arts, both new and established; bringing the arts to all American; and providing leadership in arts education. Established by Congress in 1965 as an independent agency of the Federal government, the Arts Endowment supports art of indisputable artistic merit and broad public reach in all 50 States, the District of Columbia and special jurisdictions, reaching rural areas, inner cities, and military installations both here and abroad.

The Arts Endowment carries out its mission through: direct grant making, primarily to arts organizations; National Initiatives that often involve other public and private partners; and partnership agreement grants with the State Arts Agencies (SAAs) and their Regional Arts Organizations (RAOs).

Our grant-making appropriation covered by this report was approximately \$100.3 million. Sixty percent of our grant funds were awarded through three annual discretionary programs: Access to Artistic Excellence (about \$33.9 million), Learning in the Arts (about \$10 million), and Challenge America: Reaching Every Community (about \$10.5 million). The balance of our discretionary grant funds (about \$5.4 million) was directed to our National Initiatives -- highly focused, limited opportunities often undertaken with additional support from private and public partners.

Forty percent of our grant funds were awarded to the SAAs and RAOs. As mandated in our legislation, each SAA and RAO must submit an acceptable plan that meets the goals of the Arts Endowment, in order to receive its partnership agreement award. A portion of the funds available is allotted on the basis of a prescribed formula (population, etc.) to the 50 state and six jurisdictional arts agencies and the six regional organizations; the remaining funds are awarded competitively among those agencies found to have the strongest plans and accomplishments in certain specified areas. During the reporting period, this one grant program awarded approximately \$40.5 million.

Participation in Interagency Streamlining Efforts

We are pleased to report our continued involvement with the PL 106-107 interagency work groups and specially formed subgroups, through which we assist with the government-wide grants streamlining, Grants.gov, and Grants Management Line of Business (GMLoB) efforts. Our Director of Grants & Contracts represented the Arts Endowment on the **Grants Policy Committee** (GPC), and along with our senior grants specialist, actively participated on the **PL 106-107 Pre-Award, Audit, and Training and Certification** work groups, as well the **Administrative Requirements, Awards Definitions, and Trafficking** subgroups. The Director also served on the **Federal Funding and Accountability Transparency Act** (FFATA) grants subgroup. Our Director of Guidelines and Panel Operations leads an Electronic Application Team (EAT) of seven Arts Endowment staff members who are

vigorously involved with **Grants.gov**. Members of EAT have actively participated on the **Grants.gov User Group**, the **FFATA/Grants.gov forms** subgroup, and a work group to make possible **individual fellowship applicants** through Grants.gov. During this reporting period, our Chief Information Officer (CIO) served as Chairman of the **Grants Executive Board** (GEB), which oversees Grants.gov and GMLoB.

II. Grants.gov

The National Endowment for the Arts has been an active partner in the development of Grants.gov from its inception. We are pleased to report that the agency continues to exceed the goals set by OMB and Grants.gov.

During the **September 2006 through November 2007** time period covered by this report, the Arts Endowment:

- Posted 19 -- or **100%** -- of its **discretionary funding opportunity** announcements on Grants.gov.
- Posted **19** -- or **100%** -- **electronic application packages** representing all of its discretionary funding opportunities. This allowed the agency to meet OMB and Grants.gov's FY 2007 goal of posting electronic application packages for **100%** of the agency's discretionary funding opportunities. In addition, an application package for the agency's only **mandatory funding opportunity** was posted, allowing the NEA to exceed OMB and Grants.gov's goals.
- Required electronic application through Grants.gov for three of the agency's funding opportunities and strongly encouraged it for all others.
- Received 3,955 electronic applications out of 4,705, representing 85% of total applications received. For organizations this represented 85% of all applications. For the two categories open to individuals, this represented 99% of applications in one category and 30% in the other. The NEA accepted applications outside of Grants.gov but required applicants to request the materials to submit paper applications. **This was the last year that paper applications were allowed from organizational applicants.** In 2008 all organizations applying for our discretionary and mandatory funding opportunities will be required to use Grants.gov. For the two individual applicant categories, Grants.gov will be mandatory for one in 2008 and the other in 2009.

Training and Outreach: Applicant community

The Arts Endowment has been providing information about and promoting Grants.gov since the inception of this initiative. We work with applicants to heighten their awareness and acceptance of Grants.gov; encourage them to register with Grants.gov; and assist their transition to using Grants.gov through customized instructions, workshops, and technical assistance. Our senior management includes information about Grants.gov in grants workshops hosted by Members of Congress for their constituents. We remind our applicants of the benefits of using Grants.gov:

- One place to find and apply for grants, making it easier and less costly to locate opportunities throughout the Federal government.
- A subscription service that sends automatic e-mail alerts about grant opportunities that might be of interest.
- The ability to apply online.
- Standard application material (e.g., the SF 424 Short Form), which reduces the administrative burden involved in completing applications.
- More time to work on applications. The Arts Endowment allows applicants to submit their applications until 11:59 p.m., Eastern Time on the day of a deadline.
- Reduced costs. Copying and mailing costs are reduced, as three copies of hard copy application material are no longer required.
- Instant e-mail confirmation of application receipt by Grants.gov and the Arts Endowment.

Training and Outreach: Arts Endowment staff

The agency also has continued its work internally to increase staff understanding of Grants.gov through training and information sharing, and to revise business practices to accommodate electronic applications. This year two sessions, *Grants.gov 301* and *Grants.gov 401*, were held for the entire agency. These sessions covered registration, including hands-on demonstrations and review of the step-by-step registration instructions; how to access and add to electronic files from Grants.gov; how to respond to and work with applicants at various stages; and the lessons learned during previous Grants.gov activity.

As our staff becomes more comfortable with Grants.gov, they see as a distinct benefit the ability to obtain quick access to submitted applications. Prior to the implementation of Grants.gov, staff had to wait up to two weeks for application information, including data needed to begin the review process, to be entered by temporary data clerks. For applications received through Grants.gov, that information is now available within two days. One of the benefits of this quicker access to information is more timely composition and approval of our legislatively-required advisory review panels. This has allowed for increased review time for senior staff of potential panelists, and for panelists of application material in advance of their meetings.

Cost Savings

During the period covered by this report, the Arts Endowment continued to support a paper application process, as well as an electronic one, and costs were incurred for both ways of doing business. However, as more applications are submitted via

Grants.gov, we can report substantial cost savings for the data entry services necessary to process paper applications. In FY 2006 we spent nearly \$40,000 for these services. In FY 2007, these costs dropped to about \$11,000 and no data entry costs are budgeted for FY 2008. In addition, as previously reported to OMB, the Arts Endowment estimated in FY 2005 that it would cost at least \$1 million to develop the next-generation grants management system we urgently need to realize the full potential of electronic applications in making our work processes more efficient. We now believe it will be possible to meet our grant processing needs for the future much more cost-effectively through the Grants Management Line of Business (GMLOB) initiative.

III. Grants Management Line of Business (GMLoB)

The Arts Endowment has embraced the goals promoted by the GMLoB. Our senior leadership is anxious to replace the agency's antiquated grants management system with one that meets our needs and is within our financial resources. Our CIO represents the agency on the GEB, which oversees GMLoB. He has also served on the GMLoB consortia lead selection committee for both rounds.

In 2006 OMB encouraged a second round of applications from agencies that were interested in becoming new GMLoB consortia leads. Like most other grantmaking agencies, the Arts Endowment was hoping to hear about the possible new leads and their solutions. During this time the agency developed a baseline assessment of our current system with a focus on those requirements that are unique to our business processes, such as the need to track legislatively-mandated progress reports, and documented new functional requirements we believed necessary for meeting future needs. However a decision for additional GMLoB consortia leads was put on hold while OMB and the agencies immediately began grappling with the FFATA. During 2007, we maintained our status quo; developing workarounds to meet Grants.gov and other reporting requirements, such as for FFATA (no funds were expended outside of staff work).

In late September 2007 the agencies received information that no new consortia leads would be named, and OMB and the GMLoB Program Management Office began providing information to agencies to meet a December 2007 deadline to sign an MOU with a consortia lead or request an exemption with alternative plans. As required by OMB's GMLoB directive, the NEA is currently undergoing fit-gap analyses for using the HHS Administration for Children and Families (ACF) and Department of Education (ED)'s systems. As we are not a research agency, we are not eligible to work with the National Science Foundation (NSF). In October 2007 we attended the government-wide briefing session to update all agencies on the status of the consortia leads. In November and December we are conducting meetings with ACF and ED to help us finalize plans to meet the December OMB deadline.

IV. Debarment and Suspension

The Arts Endowment published a nonprocurement debarment and suspension regulation in Chapter 32, part 3254, under Subtitle B of 2 CFR. Notice of this

regulation was published in the *Federal Register* on February 9, 2007, as a final rule. The rule became effective on March 12, 2007, at which time the codification of the common rule previously implementing the OMB guidance on this topic was removed from 45 CFR part 1154.

V. Agency Commitment to Future Involvement with Government-wide Grants Initiatives

In 2008, electronic application via Grants.gov will be required of all organizational applicants for our competitive and mandatory programs. For individual applicants, Grants.gov will be mandatory for one category in 2008 and the other in 2009. We are looking forward to working with other grantmaking agencies to meet the goals of GMLoB and expect that with OMB's approval, 2008 will be a year of developing and implementing plans for migrating grants processes to a more robust system. The PL 106-107 Working groups will continue to push their streamlining efforts forward, including adopting government-wide reporting formats, award templates, and standardizing award terms and conditions and national policy requirements across the grantmaking agencies. The NEA staff will continue to be actively involved with all federal grant streamlining efforts. The Director of Grants & Contracts has already started work with a new subgroup to support the adoption of the Drug-free Workplace regulations in 2 CFR, in the same manner as Suspension and Debarment, thereby removing the cumbersome common rule and making it easier for grantees to find concise information. Working on an interagency group to make possible electronic applications from individual fellowship applicants, the Director of Guidelines and Panel Operations will help the federal agencies and Grants.gov to develop and implement standardized application material and electronic processes to accommodate those applications in 2008.